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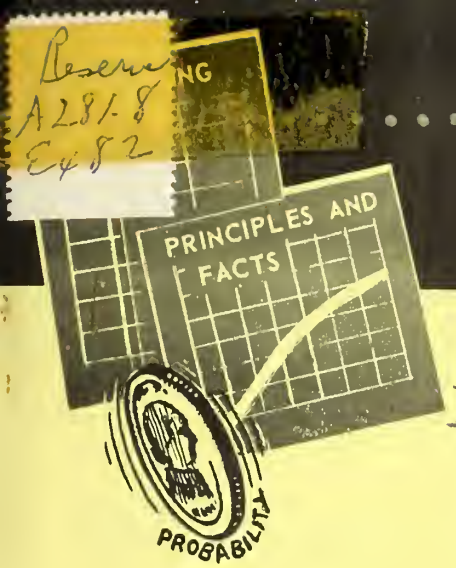

....News and Views from the Farm Management Staff

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL EXTENSION SERVICE
Division of Agricultural Economics Programs
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Dear Farm Management Extension Workers:

Farm and Home Development 10-State Study

Copies of a report covering the "Review of Farm and Home Development" made in 10 States last June, were sent to your director earlier this month. Among the findings emphasized in this report are three of special interest to farm management specialists:

(1) The State concepts of farm and home development in most of the 10 States emphasized education in management. However, the work done in some of the States and counties placed heavier emphasis on practices and service.

(2) The families visited by the review teams were enthusiastic about what farm and home development meant to them. They were developing better understanding of the problems and opportunities that confront them. Some had found in the management process a better way to use technical subject matter in working out their important problems. They were learning to make better decisions and more of them. They had learned to think further ahead and to take more control over the course of events. They were earning higher incomes and achieving higher levels of living in the fullest sense of the term.

(3) Farm and home management specialists were carrying a heavy share of the State staff responsibilities for farm and home development work - particularly for preparing teaching materials and training county workers. Some essential State staff functions had apparently not been assigned in some of the States. Conspicuous here were evaluation and reporting the work at the State level, legitimizing the work in the counties, and helping agents allocate their time between farm and home development and other phases of their county extension program.

The report points up a dilemma regarding assignments of responsibility: Definite assignments are essential to accomplishment. Roles need to be defined, understood, and accepted. But assignment of farm and home development work to a few persons limits staff participation and interest, and amount of work done. The potential is limited where the work is regarded as the program of some one or a few individuals.

Wisconsin 1959 Plans for Farm and Home Development

Publicity, Education and Turnover are the three things which will be emphasized in the farm and home development work in Wisconsin this year. They have labeled this the PET approach. Publicity, letting people know what we are doing. Education, we've got to teach decision making rather than provide a management service. How else can we reach out for new people? Turnover, if we do a good job of teaching, we can, over time, reach a tremendous number of people with the best approach extension has ever seen.

Farm Management Section at the 1959 AFEA Meeting

Strenuous efforts are being made under the leadership of John Doneth of Michigan to have a sectional meeting on extension farm management at this year's American Farm Economic Association meeting to be held at Cornell. John is chairman of a subcommittee of the North Central Regional Farm Management Committee, which has as its purpose the encouraging of a farm management section in the Annual AFEA program. He has been obtaining ideas for an extension farm management program and from some of the proposals we have seen we feel sure that we will have an extremely interesting program on extension farm management at Ithaca in August.

Analysis of Vertical Integration

It seems that most everybody has been making statements on vertical integration. Accompanying this newsletter are copies of a statement by Buel Lanpher, entitled "Implications of Vertical Integration for Farm Production Processes."

We are also sending one copy per State (we have only a limited number) of a statement by John Dunbar of Purdue on the "Effects of Vertical Integration (Contract Farming) on the Family Farm."

These two statements contain essentially the presentations given at a Farm and Home Week program at the University of Kentucky in late January. In the statement by Lanpher, you may note that a restricted definition of vertical integration is used in that it says that management control and the taking of production risk are inseparable. We have discussed this within our group here and with ARS people. There is not full agreement that production risk must be taken in order to exert management control.

A broader definition of management control would include situations where production practices are specified in contracts, but without the contractor necessarily taking any of the risk of the quantity and the quality of product produced. We think you may be interested in some of these focal points of our discussion concerning vertical integration.

In our discussions we have found general agreement that management ability on the part of the farm producer is becoming more important regardless of the type of contractual system he may become involved in. Thus, this analysis would tend to indicate that the fears often voiced that farm producers in a system of contracts will tend to become more like hired men are unwarranted. We also hear lots of talk about the educational job that Extension needs to do as the use of contractual arrangements increase. We feel that the development of fair and successful contracts will require considerable study of the farm management and production economic considerations by both the farm producer and the contract firm.

USDA Plans Research Unit on Interfirm Integration in Farming

The Agricultural Research Service has recently established a Pioneering Research Group for basic research in the economics of interfirm integration in farming in the Farm Economics Research Division. The group will be located in Washington, D. C.

Interfirm integration in farming is concerned with the ways and means by which production decisions, services, and risks are correlated between the farmer and related businesses. The general objective of this pioneering research group will be to analyze the basic economic principles and related social and technological forces underlying the development of the main alternative forms of integration and coordination in the farm production process, especially from the standpoint of the farmer in relation to other stages in the production process. The purpose will be to gain an improved understanding of the economic reasons explaining why and in what circumstances each form of coordination develops.

Cooperative relationships will be maintained with related research in the Agricultural Marketing Service and the Farmer Cooperative Service.

Key scientists assigned to the group are:

(1) Dr. Ronald L. Mighell, Agricultural Economist and Leader
(2) Lawrence A. Jones, Agricultural Economist
(3) Frank Maier, Agricultural Economist.

FES Publications on Credit

Since January, Jim Robinson has put the finishing touches on three publications which are for use in educational work in the area of credit. Following are descriptions of these three pieces of material:

"Credit in the Management of the Farm and the Home" includes an outline of eight phases of the use of credit on the farm, five stories of successful borrowing by farm and home development families, and instructions for computing loan costs quoted on different bases.

"Farm Families Use of Credit" elaborates further on credit for farm and home development families, discusses briefly credit agencies and their services and gives four more stories illustrating wise use of credit.

"Learning Through Loans" is a 4-H Club Credit Guide developed by Robinson with hearty assistance from other extension workers on both economics and 4-H staffs here and in the States. It is accompanied by a suggested record to use where credit is made a complementary project for members borrowing to carry on their production enterprise.

What You Should Read

"Decision Making and Management for Farm and Home," by C. C. Malone and Lucile Holiday Malone, Iowa State College Press, 1958.

Since the Scope Report we have had a lot of talk about the management process. This book, in our opinion, does the best job that we have seen in discussing and teaching the use of the decision making process, per se. The decision making steps are consistently illustrated throughout the book. The Malones have covered the wide range of the various kinds of decisions that families face. In each instance they point to the benefits or returns in terms of achieving family goals from the wise use of the decision making process. There are many striking philosophical statements concerning good management. We think this is an unusual book in its emphasis on the common interest of the family and of the family as a decision making unit. A family focus is placed on all decisions faced by any member of the family whether the problems are centered on the farm or in the home.

Personnel Changes

John Kling, farm management economist from New Mexico, is now in Chile on an ICA assignment as extension economics advisor. He writes us that the work is interesting and that the fall weather is fine.

W. Y. Fowler, formerly extension economist on the staff at Oregon State, has moved to New Mexico as extension economist, where currently he is devoting part of his time to farm management work.

Edwin Colette, farm management specialist at Colorado State University, has recently transferred to the supervisory staff in that State.

Robert B. Schwart, farm management specialist, has recently resigned from Ohio State University to accept a similar position at the University of Illinois.

Arnold A. Paulsen has recently accepted an appointment as an extension economist at Iowa State College. We understand that a portion of his work will involve the use of linear programming in extension farm management work.

Edward R. Wiggins has recently accepted an appointment as extension economist in farm management at the University of Missouri. He was formerly a county agent in Henry County, Missouri.

Texas is now in the process of locating agents in farm management at each of their 12 district offices. The following three appointments have been announced: Oscar L. Brown, Agent in Farm Management, District 5; Charles A. Taylor, Agent in Farm Management, Districts 6 and 7; and Lonnie D. Cole, Agent in Farm Management, District 11.

Sincerely yours,

Buel Lanpher

Farm Management and Production Economics Branch

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Enclosures